

# Exhibit 8

# Here's why patients pay \$600 for drugs that cost \$300

By Wire Service

Wednesday, October 5, 2016 9:40am **BUSINESS** **NATION / WORLD**

---

**By Robert Langreth**

**Bloomberg**

Robyn Curtis, a staff adviser at the University of Southern Mississippi in Hattiesburg, has a 13-year-old daughter with diabetes. Each month, the girl's insulin pump requires three vials of NovoLog-brand insulin, which cost \$890 under her plan, Curtis says. Her daughter's insurance has a \$2,600 deductible.

So Curtis was beside herself when she learned that NovoLog offers rebates — almost always paid to insurance companies and drug-benefit managers, not patients — that might have cut the out-of-pocket cost in half earlier this year.

"Every penny until \$2,600 we pay," she says. "It's outrageous."

Millions of U.S. patients with high-deductible health insurance find themselves in that very situation — and don't know it. Behind the scenes, drugmakers gave insurers and benefit managers more than \$100 billion a year in rebates and other discounts to reduce the skyrocketing cost of drugs for diabetes, asthma, arthritis and allergies.

No one balks when insurers get rebate checks after they actually paid for a drug. But, increasingly, Americans are forced to pay for medication out of their own pockets — at least for part of the year.

That's because more are enrolling in insurance plans with deductibles as high as \$4,000 for a family. The Kaiser Family Foundation says that a quarter of workers in employer plans must pay the full cost of drugs before their coverage kicks in. That's up from 17 percent in 2011. In such cases, insurers receive the rebates even though they haven't paid a dime.

As Congress excoriates drugmakers for increasing the price of even old drugs by as much as 5,000 percent, this rebate practice undercuts the industry's argument that its discounts shield consumers from high list prices.

Eight pharmaceutical companies contacted by Bloomberg, including Novo Nordisk, which makes NovoLog; Merck, Pfizer and EpiPen maker Mylan, said their contracts with benefit managers and insurers generally require rebates be paid to them on all prescriptions, even when the patients pay the full cost because of high deductibles.

On a \$600 prescription, "if the patient has a high-deductible plan, then the insurer could pocket the \$300 rebate and not share it with the patient," says Adam Fein, president of Pembroke Consulting, which advises drugmakers on sales and distribution.

Pharmaceutical companies such as Mylan say the situation reflects a changing insurance market outside their control. During the last decade, the average deductible for an employee has quadrupled, to \$1,221, according to the Kaiser Family Foundation. Americans insured under the Patient Protection and Affordable Care Act, or Obamacare, often must pay \$3,000 or more before their insurance kicks in.

"We regret that our programs did not keep pace with the evolving health-care system, and, as a result, some patients are facing out-of-pocket costs that were never intended, potentially leading to stress upon them and their families," Mylan said in a letter last month to Congress, which objected to the \$600 price for two EpiPens.

Mylan has said it discounts its EpiPen, on average, by more than 50 percent. Novo Nordisk said it offers a similar price cut on its U.S. medicines. While the vast majority of patients don't pay the full cost, "a small but growing" number now must do so because of rising deductibles, according to spokesman Ken Inchausti.

Typically, rebate money from drug companies is bundled together into quarterly payments that can amount to hundreds of thousands of dollars. These rebate checks can result in lower premiums, said Glen Perry, who directs pharmacy services for Blue Cross Blue Shield of Michigan, a not-for-profit insurer.

CVS Health Corp., which administers drug plans for employers and insurers, gives “the vast majority of rebates” back to those clients, said spokeswoman Christine Cramer. Express Scripts Holding Co., which plays the same role, said it returns about 90 percent of rebates to its customers, generally keeping about 10 percent as its compensation.

Many employers and insurers have come up with a simple way to avoid the problem for many of their clients: exempt medicine for diabetes and other chronic conditions from deductibles in the first place.

But why not break up the rebate checks and send the cash back to the patients who paid for the drugs? Representatives of corporate health plans say it would be impractical to do so because they get the money months after employees bought the drugs.

Says Laurel Pickering, chief executive of the Northeast Business Group on Health, a coalition of large employers: “It would be very difficult to figure out how to administer that.”